



House of Representatives

File No. 315

General Assembly

January Session, 2003

(Reprint of File No. 157)

Substitute House Bill No. 5371

As Amended by House

Amendment Schedule "A"

Approved by the Legislative Commissioner
April 10, 2003

**AN ACT CONCERNING ELIGIBILITY FOR MORTGAGE FINANCING
FOR INDIVIDUALS SERVING IN THE MILITARY RESERVES OR THE
NATIONAL GUARD.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 36a-737 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2003*):

3 (a) No financial institution and no federal bank shall discriminate,
4 on a basis that is arbitrary or unsupported by a reasonable analysis of
5 the lending risks associated with the applicant for a given loan or the
6 condition of the property to secure it, in the granting, withholding,
7 extending, modifying, renewing or in the fixing of the rates, terms,
8 conditions or provisions of any home purchase loan, home
9 improvement loan or other mortgage loan on one-to-four-family
10 owner-occupied residential real property, solely because such property
11 is located in a low-income or moderate-income neighborhood or
12 geographical area, provided it shall not be a violation of this section if
13 the home purchase loan, home improvement loan or other mortgage
14 loan is made pursuant to a specific public or private program, the
15 purpose of which is to increase the availability of home purchase

16 loans, home improvement loans or other mortgage loans within a low-
17 income or moderate-income neighborhood or geographical area in
18 which such investment capital has generally been denied.

19 (b) If a member of any reserve component of the armed forces of the
20 United States, as defined in section 27-103, or a member of the
21 National Guard, is called into active duty after submitting an
22 application to a financial institution or federal bank for a home
23 purchase loan, home improvement loan or other mortgage loan on
24 one-to-four-family owner-occupied residential real property and
25 before the financial institution or federal bank makes a determination
26 on the application, such financial institution or federal bank shall
27 maintain the application on file for two years and two months after
28 such member is called into active duty, if the member submits, not
29 later than thirty days after being called into active duty, a written
30 statement to the financial institution or federal bank indicating that the
31 member (1) has been called into active duty, and (2) requests that the
32 application be maintained on file. If the applicant returns from active
33 duty not later than two years after submitting an application under
34 this section and submits a written statement to the financial institution
35 or federal bank not later than sixty days after being discharged from
36 active duty verifying that there has been no material change in the
37 applicant's income, assets, debts and employment, the financial
38 institution or federal bank shall finalize processing of the application
39 in accordance with the same terms and conditions that it made
40 available to the applicant at the time of application, provided the
41 financial institution or federal bank shall offer to the applicant any
42 different terms and conditions that the financial institution or federal
43 bank is offering to the public at the time of the applicant's return from
44 active duty.

This act shall take effect as follows:	
Section 1	July 1, 2003

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Banking Dept.	BF - None	None	None

Note: BF=Banking Fund

Municipal Impact: None

Explanation

The bill affects the granting of mortgage terms in certain cases and does not result in a fiscal impact on the state.

House "A" altered the requirements in the bill and did not affect the fiscal impact.

OLR Bill Analysis

sHB 5371 (As Amended by House "A"*)

***AN ACT CONCERNING ELIGIBILITY FOR MORTGAGE FINANCING
FOR INDIVIDUALS SERVING IN THE MILITARY RESERVES*****SUMMARY:**

This bill requires financial institutions and federal banks to maintain on file for two years and two months the mortgage application of a member of the U.S. armed forces reserves or National Guard who is called into active duty after submitting an application but before a financial institution or federal bank makes a determination on it. The bank or other financial institution must maintain the application on file if, within 30 days after being called into active duty, the member submits a written statement to the financial institution or federal bank (1) indicating that he has been called into active duty and (2) requesting that the bank maintain his application on file.

If an applicant returns from active duty within two years after submitting his mortgage application and, within 60 days after discharge from active duty, submits a written statement that there has been no material change in his income, assets, debts, or employment, the bill requires the financial institution or federal bank to finish processing his loan application in accordance with the same terms and conditions made available to the applicant at the time of his initial application. The bill also requires the financial institution or federal bank to offer the applicant any different terms and conditions it is offering to the public when the applicant returns from active duty.

The bill applies to applications for home purchase loans, home improvement loans, and other mortgage loans on one-to-four family, owner-occupied, residential real property.

*House Amendment "A" removes requirements from the original bill that (1) the bank retain the armed forces reserve or National Guard member's application on file indefinitely and (2) the member submit a statement upon his return from duty that there has been no material change in his financial condition. Instead, it substitutes the time limits

and required statements described above.

EFFECTIVE DATE: July 1, 2003

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 19 Nay 0